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CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
26 July 1966

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State Dept. review
completed

ARMY review(s)
completed

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HIGHLIGHTS

Cambodia's Sihanouk has indicated his willingness to sign a border agreement with a Viet Cong representative now in Phnom Penh, accept a permanent Liberation Front representative and exchange ambassadors with Hanoi in return for Viet Cong acceptance of Cambodia's version of the border.

I. The Military Situation in South Vietnam:
The headquarters of the US 25th Infantry Division at Chu Chi was attacked by the Viet Cong with mortar and recoilless rifle fire today (Para. 1). Allied forces stepping up efforts to counter intensified Viet Cong activity in the Saigon area (Para. 2). Joint US - South Vietnamese Army Operation FRANKLIN/LIEN KET 50 initiated in Quang Ngai Province in the same area of a successful Allied operation last March (Paras. 4-7). Another North Vietnamese regiment confirmed in South Vietnam (Paras. 8-11). North Vietnamese troops contract malaria in Quang Tri Province (Paras. 12-13).

II. Political Developments in South Vietnam:
Thich Thien Hoa, recently selected as acting chairman of the Buddhist Institute, today issued a relatively noncontroversial communiqué, although he probably will soon be influenced by the Institute council's militant majority (Paras. 1-2). Retail prices in Saigon have dropped for the first time since devaluation measures were announced last month (Para. 3). A more complete profile of candidates for the constitutional assembly elections in Saigon, Gia Dinh Province, and I Corps has been received (Paras. 4-8).

III. North Vietnamese Military Developments:
There is nothing of significance to report.

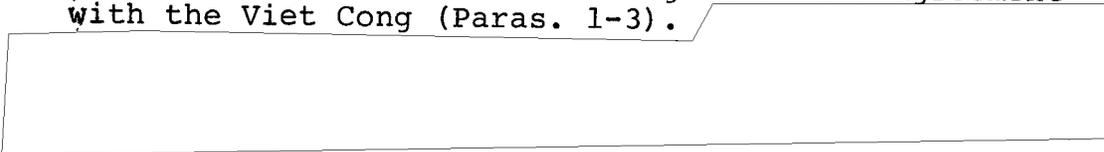
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V. Communist Political Developments: A comparison of recent Chinese Communist and North Vietnamese comments on the role of the Geneva agreements in any future settlement of the war reveals a basic identity of view (Paras. 1-4).

VI. Other Major Aspects: Cambodia's Sihanouk has indicated a readiness to sign a border agreement with the Viet Cong (Paras. 1-3).



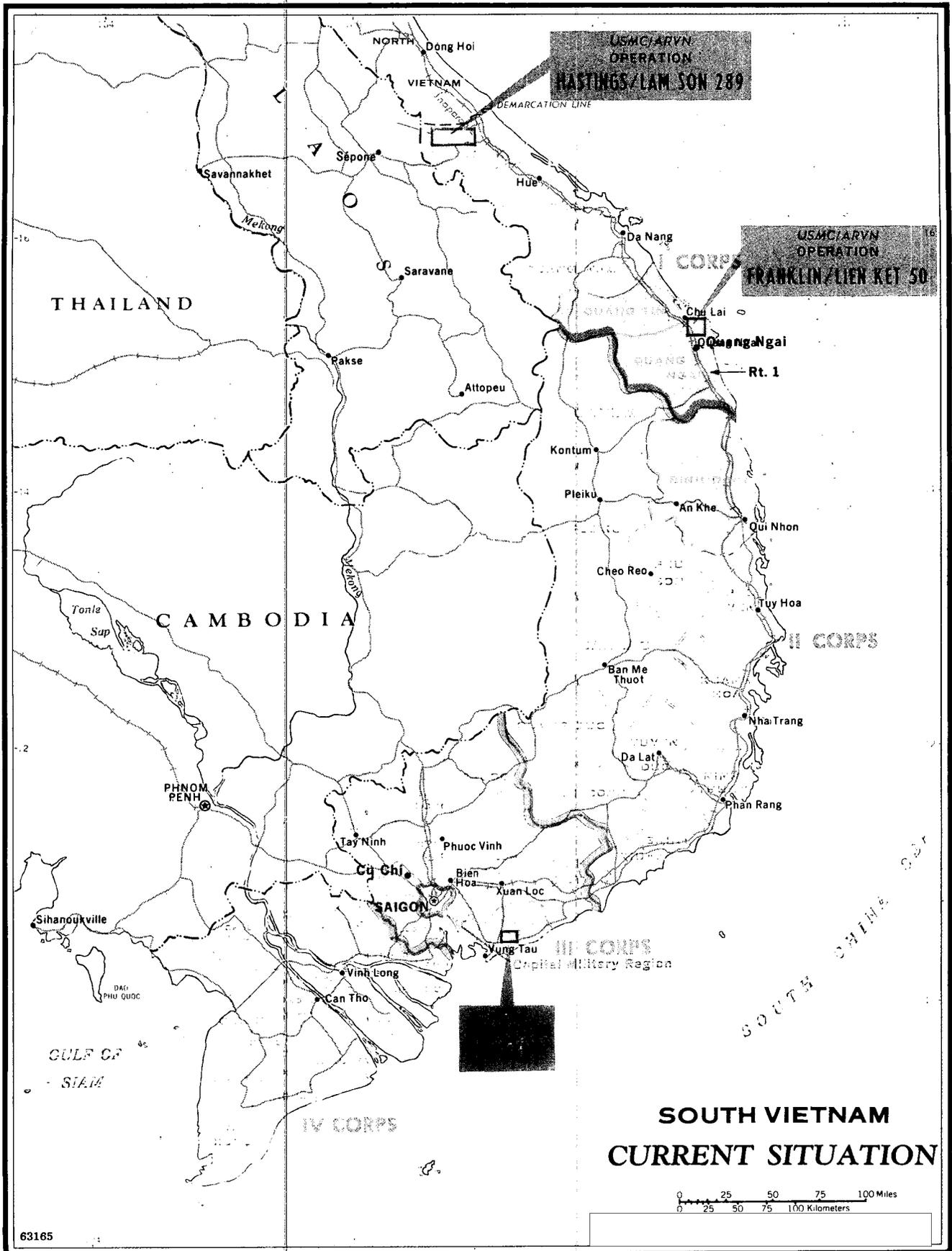
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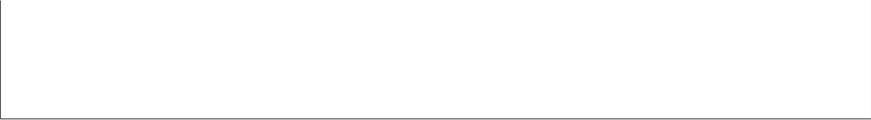


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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Viet Cong guerrillas attacked the headquarters of the US 25th Infantry Division at Cu Chi in Hau Nghia Province on 26 July with an estimated 135 rounds of mortar and recoilless rifle fire. The base camp is located 18 miles northwest of Saigon on the edge of a rubber plantation in a forested area that has long been a Viet Cong stronghold. According to preliminary reports, there were no fatalities, but 18 Americans were wounded, two seriously. Damage to property and facilities was reported as insignificant.

2. The Viet Cong have apparently intensified their activities in the Saigon area, possibly hoping to take some of the pressure off their forces in Quang Tri Province where Communist units are suffering heavy losses from allied Operation HASTINGS. To counter their activity, allied forces have stepped up "harassing and interdiction" artillery barrages against Viet Cong positions around Saigon.

3. One battalion of the 6th Royal Australian Regiment initiated Operation HOBART, a search-and-destroy operation approximately 40 miles southeast of Saigon in Phuoc Tuy Province, on 24 July. Yesterday, contact was made with an estimated company-size Viet Cong force. Three Australians were killed and 16 wounded. Enemy losses are not known.

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Background of New Operation in Quang Ngai

4. Two US Marine battalions and three South Vietnamese Army battalions have begun Operation FRANKLIN/LIEN KET 50 in an area along the coast in northern Quang Ngai Province. The concept of this clearing operation is to establish blocking positions along Route 1 and then attack eastward in an attempt to capture or destroy enemy troops and equipment located between Route 1 and the sea. Two battalions of the 1st Viet Cong Regiment and one battalion of the 21st North Vietnamese Army (NVA) Regiment are reported to be in the area.

5. A similar USMC/ARVN operation, called UTAH/LIEN KET 26, contacted elements of the 21st NVA Regiment in the same area in early March 1966. The enemy lost 586 killed, as against Allied losses of 113 killed (83 US). Many of the enemy dead were North Vietnamese.

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7. Since then, if current Viet Cong/NVA practices have been observed, many of the casualties the 21st suffered in March have been replaced by southerners.

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New North Vietnamese Regiment

8. MACV has accepted another North Vietnamese Army Regiment in South Vietnam. This unit, the North Vietnamese 3rd Regiment, has a strength of 1,500 men and is located in Quang Tin Province. It is believed that the 3rd Regiment is subordinate to the 620th NVA Division. The date of arrival of this unit is not presently known. It is the nineteenth North Vietnamese regiment confirmed to date in South Vietnam.

9. MACV has also confirmed four support battalions of the 620th Division. These are the RQ 20 Signal Battalion with a strength of 300 men, the RQ 22 75-mm. Recoilless Rifle Battalion with a strength of 300, and the RQ 23 120-mm. Mortar Battalion with a strength of 300 and the RQ 24 Engineer Battalion with a strength of 150. All four of these units had been carried in the "possible category for some months. They are also located in Quang Tin Province.

10. Units of the 620th Division have been reported in recent weeks preparing for offensive action in the Quang Tin - Quang Nam border area of I Corps, specifically in the Hiep Duc - Loc Son area.

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11. MACV has dropped the 31st NVA regiment from its order of battle for lack of information. With these actions, the current confirmed North Vietnamese strength in South Vietnam now stands at 41,360 men. Another 1,100 men are carried in the probable or possible categories.

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North Vietnamese Troops Contract Malaria

12. Malaria is suspected in the deaths of two of three North Vietnamese Army (NVA) soldiers who were captured in northern Quang Tri Province by allied units participating in Operation HASTINGS. The third soldier is in a delirious condition and is also apparently suffering from malaria. Three of the nine NVA personnel previously interrogated were also suspected of having malaria. These men stated that they were issued antimalaria pills during their infiltration into South Vietnam. MACV comments that in all probability, personnel of the 324B NVA Division contracted malaria since their arrival in Quang Tri Province and the number of personnel suffering from malaria in the division may be as high as ten percent.

13. Sometimes malaria rates run much higher.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. Thich Thien Hoa, recently appointed as acting chairman of the Buddhist Institute, today signed an Institute communique that called upon its followers not to conduct protest suicides against the government. A young Buddhist monk recently died as a result of burns he sustained on 21 July. Police classified the incident as murder, stating that the monk claimed he was set afire against his will. Although today's communique was directed specifically against suicides, it probably was intended indirectly to refute government claims that the monk's death was not a bona fide suicide.

2. The US Embassy has commented that although Thien Hoa is considered relatively nonpolitical, he will probably be dominated by the militant supporters of Tri Quang on the Institute council. For example, several communiqués issued last month and representing militant interests were signed by Thien Hoa. Press reports today speculated that a Buddhist Institute policy statement would soon be issued that would reassert Buddhist opposition to the government.

Break Reported in Saigon Price Rise

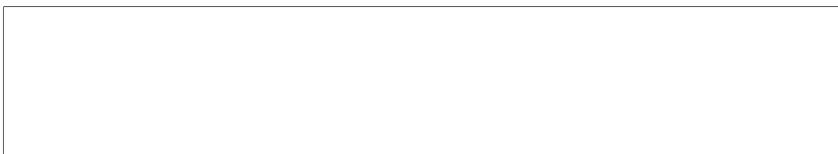
3. For the first time since early June, retail prices in Saigon dropped slightly during the week ending 18 July. The prices of most imported commodities also dropped for the first time since the government's devaluation measures went into effect last month. Prior to these decreases, prices had risen some 30 percent since early June. The US Embassy has reported no significant changes in the economic situation since 18 July.

Election Developments

4. A recent report from the embassy permits some insight into the numbers and types of candidates who will be standing for election to the National Constitutional Assembly in September.

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Information so far includes only I Corps and Saigon with surrounding Gia Dinh Province. In these areas, a total of 43 seats are being contested by 322 regular and alternate candidates, of whom only 27 are active military. By area, the number of seats are: I Corps, 17; Saigon, 16; and Gia Dinh, 10. A total of 12 electoral districts are involved, including the two municipalities of Hue and Da Nang in I Corps.

5. Registered candidates in the I Corps zone now stand at 87, while Saigon and Gia Dinh Province show 138 and 97, respectively. However, these figures will probably be subject to some shrinkage as a result of resignations and screenings by local election councils.

6. Initial screening of candidates in the Da Nang area has resulted in the dropping of two two-man slates: one composed of municipal councilors who were disqualified on the basis of affiliation with the recent anti-GVN "struggle" movement; the other for having one candidate who had not met military service requirements and another who was a dismissed civil servant. In Saigon, the original 39 lists filed had already shrunk to 26 by the time the election council eliminated four others. Of the four eliminated, one list was disqualified because of the alleged Communist connections of one of its members, the other three were disqualified for a lack of sufficient documentation. There apparently has been no action on the original 16 lists registered in Gia Dinh Province. All candidates disqualified as a result of action by local election councils have a right to appeal to the Central Election Council, whose decision will be final.

7. Political affiliations of the registered candidates in the Saigon/Gia Dinh area are somewhat ephemeral, whereas in the I Corps area, not unexpectedly, the nationalist parties--the VNQDD and the Dai Viet--largely dominate the political picture. Thirty-nine of the 87 candidates in I Corps are VNQDD members or affiliates, and at least six Dai Viets are running. Almost no "struggle" members

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have shown up among the candidates running in I Corps, nor have any strong religious groupings appeared.

8. In the Saigon area, several lists are grouped vaguely around political personalities, such as former chief of state Phan Khac Suu and Dai Viet political leader Dan Van Sung in the first electoral district, and municipal council head La Thanh Nghe, who is running two slates in the second district. In Gia Dinh Province, the most notable political personality is Dr. Phan Quang Dan, leader of the National Democratic Bloc, who has fielded one slate in each of the province's two electoral districts.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. The differing propaganda treatment by the Chinese and North Vietnamese of the role of the 1954 Geneva agreements in a possible settlement of the Vietnam war was highlighted in recent days. A close examination of their statements, however, reveals that their positions are actually very close. Peking's comments reflect consistent antipathy toward even discussing the possibility of a political settlement of the war, while Hanoi tends to emphasize how closely its four points parallel the Geneva Accords.

2. Chinese officials in the past two weeks have claimed that US actions in Vietnam have in effect torn up the Geneva Accords. This, Peking claims, has resulted in the destroying of the line of demarcation between North and South Vietnam and the "further" removal of the restriction on Chinese assistance to the Vietnamese. In addition, Peking propaganda has ruled out any proposals for the reconvening of the Geneva conference and any "peace talks" connected with the accords short of a total US capitulation. An NCNA broadcast on 24 July described Indian Prime Minister Gandhi's proposal along this line as a "plot" undertaken in collusion with the Soviet leaders and asserted that it was "absurd to prate at this time about solving the Vietnam question in accordance with these non-existent agreements."

3. Peking's attack on the Geneva Accords was not, however, directed at the actual provisions of the agreements. Rather, the Chinese appeared to be using their propaganda diatribe against the accords as part of an appeal for greater unity between North and South Vietnam and to stiffen the resolve of the Vietnamese Communists by offering hints of further Chinese assistance.

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4. The North Vietnamese, for their part, have consistently maintained that their four-point solution for settling the war contains the main provisions of the Geneva agreements and as such provides the sole just solution to the Vietnam problem. This stand was most recently illustrated in an authoritative Commentator article in the DRV party daily Nhan Dan on 24 July. The Nhan Dan article gave the most detailed explanation of the four points in some time. In addition, it strongly criticized third nation proposals calling for the reconvening of the Geneva conference claiming that they do not deal with the basic issue of US aggression and "in practice are not far from the viewpoint of the American aggressors." Without mentioning Mrs. Gandhi's proposal, Commentator chided "a number of persons" who in their efforts to bring about a settlement of the Vietnam problem hesitate to condemn strongly the US violation of the Geneva Accords. The article implied that there is no point in reconvening a Geneva conference to secure US compliance with provisions already adequately outlined in the 1954 agreement and incorporated in the DRV's own position for which there is "no alternative."

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VI. OTHER MAJOR ASPECTS

1. Cambodia's Prince Sihanouk has indicated that he is ready to sign a border agreement with the Viet Cong representatives now in Phnom Penh. In a speech delivered before the Cambodian National Congress on 20 July, Sihanouk announced that he would recognize the Viet Cong (National Front For the Liberation of South Vietnam), as "representatives of the Vietnamese people and nation." He stated that he will also exchange ambassadors with North Vietnam. The Viet Cong, according to Sihanouk, have asked that one of their representatives be accepted in Phnom Penh with the status of a diplomat even though they have not formed a government. Sihanouk stated that this was all right with him.

2. On the other hand, Sihanouk stated flatly that these moves on his part were contingent upon the Communists signing the agreement he is offering and thus recognizing his territorial claims to certain islands in the Gulf of Siam and the Cambodian version of the South Vietnam - Cambodia border. Sihanouk declared that if the Vietnamese Communists refuse to sign the agreement, "the affair will be terminated."

3. There has been no hint by Hanoi or the Liberation Front on the Communist attitude toward the current negotiations with Cambodia. In the past, efforts by Sihanouk to get an agreement have foundered on Hanoi's insistence that any border agreement would have to be with the Liberation Front alone. Sihanouk may hope that his territorial claims will be too much for the Viet Cong to swallow, thus giving him an opportunity to avoid taking such a decisively anti-Saigon step. His comments in recent weeks suggest strongly that Sihanouk is beginning to have serious doubts that the Communists are likely to win a victory in South Vietnam in the near future, even though he continues to believe that they will ultimately prevail.

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